



COMPTROLLER

UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

FEB 20 2004

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN, JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
ASSISTANT SECRETARY OF DEFENSE (NETWORKS AND
INFORMATION INTEGRATION)
ASSISTANT SECRETARY OF DEFENSE (HOMELAND DEFENSE)
DIRECTOR, PROGRAM ANALYSIS AND EVALUATION
DIRECTOR, OFFICE OF FORCE TRANSFORMATION

SUBJECT: DoD-wide Performance Goals and Measures

Reference Deputy Secretary of Defense memorandum, "Schedule for Updating the Department's Annual Performance Plan and Report," January 13, 2004.

Attachment A to the referenced memorandum contains an overarching framework for DoD-wide performance goals and measures and the Principal Staff Assistant responsible for each measure. After further review, I have decided to replace the Comptroller measures with the following ones, which better align with the defense strategy:

- Select financial performance measures
 - Travel Charge Card Delinquencies
 - Erroneous Payments
 - Late Payments of Commercial Invoices
 - Fund Balance with Treasury
- Financial Management Current Efforts
 - Systems Modernization
- Financial Management Challenges
 - Financial Statement Weaknesses

The DoD Balanced Scorecard and the Financial Management Scorecard will track these performance measures.


Dov S. Zakheim

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WASHINGTON, DC 20301-1010

13 JAN 2004

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN, JOINT CHIEFS OF STAFF
UNDER SECRETARY OF DEFENSE (ACQUISITION AND
TECHNOLOGY)
UNDER SECRETARY OF DEFENSE (POLICY)
UNDER SECRETARY OF DEFENSE (COMPTROLLER)
UNDER SECRETARY OF DEFENSE (PERSONNEL AND
READINESS)
UNDER SECRETARY OF DEFENSE (INTELLIGENCE)
ASSISTANT SECRETARY OF DEFENSE (NETWORKS AND
INFORMATION INTEGRATION)
ASSISTANT SECRETARY OF DEFENSE (HOMELAND DEFENSE)
DIRECTOR, PROGRAM ANALYSIS AND EVALUATION
DIRECTOR, OFFICE OF FORCE TRANSFORMATION

SUBJECT: Schedule for Updating the Department's Annual Performance Plan and Report

This memorandum outlines Principal Staff Assistant responsibilities for developing and managing DoD-wide performance information, establishes a schedule for updating the Department's next performance plan and report, and tasks the Military Departments to align their annual statutory reports with the Secretary's risk management framework.

The Secretary's Annual Report to the President and Congress, commonly referred to as the Annual Defense Report (ADR), is the Department's annual performance plan. It describes the strategic performance goals for the defense strategy, and defines measurable annual performance targets to ensure the Department is on track to achieving those goals. At the end of the fiscal year, the Performance and Accountability Report (PAR) compares these annual targets to what was actually accomplished. In combination, these reports satisfy the standards set by the 1993 Government Performance and Results Act for increasing transparency and accountability in government. They serve as the Secretary's primary public record of how well the Department is managing to results.

Management Initiative Decision (MID) 901 established an overarching framework for DoD-wide performance goals and measures, and assigned a Principal Staff Assistant as sponsor to each metric (Attachment A). MID 910 further described how performance information would be used to guide the Department's budget allocation decisions.

With this year's ADR, we will return to our standard publication cycle and release the annual report associated with the FY 2005 President's Budget in March 2004. Accordingly, we are working to complete an initial draft report by late-January, and to release the final report by March 1st. To ensure we can meet the annual publication date of November 15th for the PAR,



performance results may be estimated, if final data are not available by the reporting date (Attachment B). We will align the Military Department's statutory reports with the defense strategy via the balanced scorecard for risk management, thus providing a framework for linking budget justification material with the Department's strategic goals. Finally, to link this framework with the defense budget, the Under Secretary of Defense (Comptroller) will issue guidance regarding performance-based metrics for the congressional budget justification and the President's Management Agenda scorecard.

Metric sponsors will support these efforts by:

- Establishing measurable, quantifiable performance targets for FY 2005, consistent with the defined output goals.
- Documenting the methodology used to set annual targets, to include new performance priorities directed by the Secretary's strategic planning or joint program guidance, as well as any execution results that influenced our decision to retain, amend, or replace a performance metric.
- Collecting, documenting, analyzing, and reporting actual performance results, or for estimating end-of-fiscal-year results based on preliminary data. Performance results must meet the standards for reliability and completeness established by the Office of Management and Budget Circular A-11 for performance information. Performance reports should provide a rationale for any unmet performance targets, to include describing what management activities are being undertaken to ensure the Department's goals will be met in future years. Assessments based on estimated data will be updated in the following year's performance report.

The Director, Program Analysis and Evaluation, in coordination with Executive Services and the Deputy Chief Financial Officer, is responsible for establishing requirements for updating and reporting performance information.

The Secretaries of the Military Departments are responsible for restructuring their annual statutory reports to describe how their organizational strategies support the Department's risk management framework and the performance goals defined in MID 901. These reports also will link departmental strategies to supporting program-level goals and measures, consistent with the guidance provided in MID 910.

Performance Management Coordinators are responsible for ensuring performance information transmitted by their component to metric sponsors, or represented in annual statutory reports, meets OMB Circular A-11 standards and is provided to the metric sponsor or other Departmental decision makers in a timely manner.

During the next two months, the Executive Secretary of the Senior Executive Council will meet with your organization's designated Performance Management Coordinator to review proposals for FY 2005 targets outputs or, in the case of the Military Departments, the approach to mapping their departmental goals to the DoD risk management framework. Selected topics will be brought to the Senior Leadership Review Group for further review and discussion.

Thank you for your support. I believe performance goals and measures that are clearly aligned with the defense strategy will contribute greatly to the discussion on how to balance risk across the Department. Your work over this past year has gone a long way toward demonstrating the Department's success at fulfilling the President's mandate of managing to results. With your continued support, we can further enhance the insights of our senior decision process with relevant performance information and analysis.

My overall lead for this action is Mr. Ken Krieg. Ms. Mary Scala is the lead for metric reporting and assessment. Mr. John Lohse is the lead for reviewing drafts and overseeing production.

A handwritten signature in black ink, reading "Paul Wolfowitz". The signature is written in a cursive, flowing style with a horizontal line at the end.

Attachments a/s

cc: Performance Management Coordinators

FY 2005 METRIC SPONSORS*

Chairman of the Joint Chiefs of Staff

- Operational Availability
- Operational Lessons-Learned
- Security Cooperation
- Current Force Assessment
- Adaptive Planning
- Experiment with New Warfare Concepts
- Global Joint Presence Policy
- Establish a Standing Joint Force Headquarters

Under Secretary of Defense (Acquisition, Technology and Logistics)

- Develop metrics to support Acquisition Excellence Goals
- Fund to a 67-year Recapitalization Rate by 2007
- Eliminate Inadequate Family Housing by 2007
- Restore Readiness of Key Facilities by 2010
- Base Realignment and Closure (BRAC) in FY 2005
- Major Defense Acquisition Program Cycle Time
- Major Defense Acquisition Program Acquisition Cost Growth
- Major Defense Acquisition Program Operating and Support (O&S) Cost Growth
- Customer Wait Time
- Maintain Balanced and Focused Science and Technology
- Monitor the Status of Defense Technology Objectives

Under Secretary of Defense (Policy)

- Increase Visibility of Trade Space
- Enhanced Planning Process (Analytic Tool)

Under Secretary of Defense (Comptroller)

- Measure Implementation of Realignment Recommendations Approved by the Senior Executive Council via Management Initiative Decision (MID)
- Provide Explicit Guidance for Budget and Performance Review

Under Secretary of Defense (Personnel and Readiness)

- Active Component End Strength Within 2%
- Reserve Component Selected Reserve End Strength (+/-2% of Congressionally Authorized End Strength)

- Recruiting Quantity
- Recruiting Quality
- Critical Skill Recruit Needs
- (Numeric) Retention Goals Met
- Enlisted Attrition Ceilings Not Exceeded- Selected Reserve
- Manning Levels of Critical Skills
- Retain Balanced Mix of NCO Grade/Experience
- PERSTEMPO Standards met
- PERSTEMPO Across Occupational Groups
- Service Member and Spouse Commitment Index
- Quality of Life Social Compact Improvement Index
- Satisfaction with Military Health Plan
- Satisfaction with Access
- Overall Satisfaction with Appointment
- Cost per Recruit
- Cost of Basic Training
- Military Personnel Costs
- Civilian Force Costs
- Total Costs for Contractor Support
- Community Quality of Life Per Capita Cost Metric
- Outpatient Market Share (Lagged)
- Primary Care Provider Productivity
- Medical Cost per Enrollee
- AC/RC Force Mix
- Civilian Recruiting Cycle Time
- Civilian Human Resources Strategic Plan (Activity)
- Meeting Civilian Critical Fill Goals
- Military Human Resource Strategic (HRS) Plan Tasks Completed
- Implement New Management Paradigm for Reserve Component Personnel
- ID Future Critical Skills
- Optimal Officer Career Patterns
- Classified Readiness Measures
- Department of Defense Readiness Reporting System (DRRS)
- Scores on President's Management Agenda (R/Y/G)*
- Transforming DoD Training

Undersecretary of Defense (Intelligence)

- Achieve Predictive Intelligence Capabilities and Responsive, Integrated Intelligence Systems
- Measure the Intelligence Value to the Customer

Assistant Secretary of Defense Networks and Information Integration

- Make Information Available on a Network that People Depend on and Trust
- Populate the Network With New, Dynamic Sources of Information to Defeat the Enemy
- Deny the Enemy Advantages and Exploit Weaknesses

Assistant Secretary of Defense (Homeland Security)

- Enhance Homeland Defense and Consequence Management

Director, Program Analysis and Evaluation

- Improve the Transparency of Component Submissions for Alignment of Program Review to Strategic Trades
- Provide Explicit Fiscal Guidance for Program Development
- Develop Standard Measures Using Force and Infrastructure Category Codes (Percentage of DoD Budget Spent of Infrastructure)
- Global Presence and Basing Study

Director, Office of Force Transformation

- Establish Human Skill Sets for Transformed Force in a Networked Environment
- Define National Capabilities Priority Set and Timeline Development
- Establish and Monitor Progress of Transformation Plans (on track Y/N)

* Reflects changes made since MID 901 in preparation for the FY 2004 budget, and as documented in the *Annual Report to the President and Congress*, November 20, 2003.

FY 2005 PERFORMANCE PLAN AND REPORT CYCLE

CY 2004 Annual Defense Report (ADR)

January-February 2004	Performance Management Coordinators meet with the Executive Secretary of the Senior Executive Council
	Final FY 2003 performance results and FY 2005 performance targets to DPA&E
January 20	Updated chapters to Executive Services
February (<i>tentative</i>)	Senior Leadership Review Group meeting(s)
February 15	Statutory Reports to Executive Services
March 1	Publish

FY 2004 Performance and Accountability Report (PAR)

July-August 15	FY 2004 performance results collected by DPA&E
August 15	Final (or estimated final) FY 2004 performance results due to DPA&E*
September 15	DPA&E provides performance data to Comptroller for inclusion in the PAR*
November 1	DoD Inspector General reviews the PAR
November 15	Publish

* As compared to the performance targets for FY 2004 published in the 2003 *Annual Report to the President and Congress*.